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STUDY PROJECT

SETTING THE ETHICAL CLIMATE IN AN ORGANIZATION

BY

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SETTING THE ETHICAL CLIMATE IN AN ORGANIZATION

AN INDIVIDUAL STUDY PROJECT

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ABSTRACT

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SETTING THE ETHICAL CLIMATE IN AN ORGANIZATION

"Some people believe that there cannot be
progress in Ethics, since everything has already
been said. . . . I believe the opposite. . . .
Compared with the other sciences, non-religious
Ethics is the youngest and least advanced."

Derek Parfit, <u>Reasons and Persons</u> (1984)

CHAPTER I

INTRODUCTION

As a leader, how can you assure that your organization
has an ethical climate? This question gave me the impetus
to write this essay. I have never been comfortable with the
generalities espoused on how to set an ethical climate. In
the business world, specific written codes are the norm. If
these codes, or a reasonable facsimile, could be transferred
to the military, it seemed to me that it would be easier for
all concerned to be more ethical.

To better understand how business and military leaders
set the ethical climate in their organizations, I researched
both business and military ethics in depth, with emphasis on
codes of ethics. Before addressing the issue of how to set
the ethical climate, I looked into both business and
military ethical principles and values, the effectiveness of

a code of ethics, and ethical decision making processes. These are addressed in Chapter II.

In Chapter III, I examine why the formal written business ethical codes I wanted to implement in the Army will not work. I also review the elements required to set up a military ethical climate and discuss strategies to implement the elements. It became apparent that the leader is the key in setting the ethical climate. He must take actions to set the ethical climate in his organization. Yet, three other key elements serve to set an ethical climate. First, the organizational reward system must support the ethical climate. Second, a feedback mechanism should guide the leader to assure that his operating values are the same as the organization's stated values. Third, a downward-flowing and upward-flowing communication system will enable the members of an organization and its senior leader to operate and affect the ethical climate. Communication is the key that ties the ethical climate together. Based on this analysis and information, my conclusions and recommendations follow in Chapters IV and V.

DISCUSSION OF ETHICS

There are many similarities in business and military ethics. However, there are also some major differences. In this chapter, I will discuss ethics from the perspective of both business and the military, specifying the differences and positing reasons for these differences. In addition, I will address the effectiveness of a code of ethics and describe a decision making process to use when faced with ethical dilemmas.

DEFINITIONS

DICTIONARY: The word "ethics" is defined by the American Heritage Dictionary as follows: "1. The study of the general nature of morals and of the specific moral choices to be made by the individual in his relationship with others. 2. The rules or standards governing the conduct of the members of a profession. . . . 4. The moral quality of a course of action."[1]

BUSINESS: In business, "ethics" designates the rules governing moral conduct of the members of the organization or management profession. It applies to individual behavior as well as organizational policies.[2]

MILITARY: FM 22 100, *Military Leadership*, defines ethics as principles or standards that guide professionals to do the moral or right thing what ought to be done.[3] The Army defines ethics in FM 22 103, *Leadership and Command at Senior Levels*, as the cornerstone that moves units to gain the moral ascendency required to win.[4]

These definitions all refer to two common matters: Ethical behavior requires specific observances. This is the ethical means. Underlying the specifics are the ends: the intent of the ethical behavior. There seems to be a distinction between business and the military in their approaches to ethics. Business concentrates on rules, or the means. Thus, business often relies on a specific written code of ethics. The military concentrates on principles and the intent, or the ends, of ethics.

ETHICAL CODES, CLIMATES, AND STANDARDS
IN BUSINESS AND THE MILITARY

BUSINESS: Ethical business practices have been emphasized and studied intensively since the mid 1970s. Many of the business findings are directly applicable to ethics in the Army. In the *Journal of Business Ethics*, Hershey Friedman noted that ethical behavior promotes improved performance in business. The most powerful argument for ethics in business is success. Ethical businesses are successful businesses.[5] Ethical firms

maintain long term perspectives in their dealings. This concern tends to ensure the long term success of the business.[6]

In organizations, codes of ethics improve internal operations, increase public confidence, and stem the tide of regulations.[7] The Ethics Resource Center conducted a survey of businesses on the benefits of implementing a code of ethics. According to this survey, businesses enjoy six principle benefits from codes of ethics: a highly responsible tone for their organization, legal protection, increased company pride and loyalty, increased consumer public goodwill, loss prevention, and improved productivity.[8] Codes of ethics establish priorities and define the responsibilities of the members of the organization. Public law punishes actions that are against the law; but within a "gray area," unethical conduct may not be criminal conduct. Organizations must police themselves most in these nebulous areas.[9]

GOVERNMENT: The government requires defense industry companies to adopt and adhere to principles of business ethics and conduct.[10] These government business ethic principles are at Appendix 1. The government ethical principles require every company doing business with the United States government to have and adhere to a written code of business ethics and conduct. The government has also established a written code of ethics for government service. The government's code of ethics is at Appendix 2.

It is a good general code of ethics and is applicable to the military. However, the uniqueness of the military requires additional areas of ethical emphasis.

MILITARY: A firm ethical base is the cornerstone of the Army. Ethics set the standard for correct actions. They serve as the link between the soldier's actions and social morals. Most importantly, ethics provide the capability for leaders to relate institutional values to military tasks.[11] The efficiency of the Army depends upon the ethical values of fortitude, integrity, self restraint, personal loyalty to others, and surrender of the individual to the common good.[12] Only through habitual integrity and high morals can soldiers perceive when orders are unlawful, protect the rights of non combatants, separate concern for image from concern for mission, report honestly, perceive when policies morally strain subordinates, and serve society before self.[13] Because of such complex demands, it is impossible to define a standard that assures ethical behavior. However, if military leaders heighten consciousness about the responsibilities of soldiers, the probability of decisions being more ethical in a given situation is increased.[14]

The complexity of the military makes it difficult to devise an ethical code that addresses all possible situations and decisions, whereas businesses can limit their scope specifically to their peculiar business interests and develop a specific written ethical code. A code of ethics

is simply a policy to guide present and future actions.[15] Under this macro definition of ethics, the Army's ethical principles and values, which are the Army's policy on ethics, fit the definition of a code of ethics. However, the Army's ethical principles and values are not referred to as a code of ethics, per se.

ETHICAL PRINCIPLES AND VALUES
IN BUSINESS AND THE MILITARY

Principles and values are important because they guide the actions of both individuals and groups. Leaders must understand their importance because they are the fundamental motivating factors.

BUSINESS: In 1913, J.C. Penney set principles to guide his company; the company still observes these principles today: "To serve the public, as nearly as we can, to its complete satisfaction. To test our every policy, method and act in this wise: Does it square with what is right and just."[16] Likewise, William J. Weiss, chairman and Chief Executive Officer (CEO) of Ameritech, lists three principles for his organization: (1) Corporate leadership determines its value system. The corporation creates a moral environment, a set of values and standards, to which it holds its people accountable. This is called a corporate conscience. (2) The corporate conscience forces one to weigh a decision within that framework, i.e. when the

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choices are unclear to decide which course of action is the
lesser of two perceived evils and choose accordingly. (3)
The third principle is that values are related to purpose,
which is the governing value. Every decision and action is
for a purpose.[17]

Business leaders have cited their most important
ethical values: Dignity of the individual, openness to
people and to ideas, optimum standards of service,
entrepeneurship, synergism, and leadership through
competence.[18] The Ethics Resource Center identified
honesty, integrity, loyalty, trust, fairness and
responsibility as the values underpining a code of ethics.[19]
Ethical decision making in business can be determined
through responses to several questions: Am I proud of this
action? Am I comfortable with this decision? Would I feel
comfortable if it were known by my peers, my subordinates,
my boss?[20]

MILITARY: FM 100 1, The Army, defines the central
values of the military profession, values that should govern
professional military behavior: loyalty, duty, selfless
service, and integrity.[21] These qualities establish the
moral context for the way we live our personal lives and
perform our duties. We owe loyalty to the nation, the Army,
and the unit. Through loyalty we carry out lawful orders,
support the chain of command, and support comrades and the
unit. Through duty, we carry out assigned tasks to the best
of our ability and accept responsibility for our actions and

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those of our subordinates. Duty also obligates us to do what would be done without being told to do it. Selfless service requires us to put the welfare of the nation and accomplishing the mission above individual desires. Through integrity, we perform all duties honestly and uprightly, without any deception. Integrity requires us to live the values that we espouse for others.

FM 100 1 also specifies four individual values that are required to strengthen the Army ethic: commitment, competence, candor, and courage.[22] These four values are considered essential for building the trust that makes a unit operate at peak efficiency. Commitment refers to our dedication to serving the nation, the unit, and the team. Competence requires us to be proficient in professional knowledge, judgement, and skills, both individually and as a member of a team. It fosters confidence, pride, and unit esprit. Candor requires us to be frank, open, honest and sincere to subordinates, peers, and superiors. Courage refers to both physical and moral behavior. It enables us to persevere in what is right and not allow others (even superiors) to do the wrong thing. Courage requires us to follow our convictions and not compromise our personal ethics or individual values.

It is interesting that the values and principles espoused for business and the military are virtually the same. However, there are differences. First, consider military and business loyalties: military loyalty is to the

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nation, the Army, and the unit. In business codes of
conduct, only loyalty to the business is required. Second,
the military stresses the ideal of selfless service, which
only heightens the difference in loyalties. Loyalty in
business is essentially self-serving; it serves the
individual and the organization only. But loyalty in the
military is directed outward, toward a larger, more common,
more abstract good.

EFFECTIVENESS OF A CODE OF ETHICS

Any code of ethics should be judged- at least in part -
by its ability to change or stop unethical behavior. The
observance of a code is affected by three variables: the
content of the code, the behavior of the people affected by
the code, and the involvement of the leader and the
personnel in preparing the code.[23]

As noted earlier, a code of ethics is simply a policy
to guide present and future actions. The content of
policies can be divided into three parts: general goals,
concerns, and priorities. A code of ethics that makes its
priorities clear will be more effective than one that simply
lists rules. The code should emphasize moral action taking
precedence over task expediency, so that the individual
responds correctly in a situation where pressures tend to
make him choose an unethical choice.[24]

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Studies have shown that a law which is simple and can be enforced changes behavior making the behavior conform more with the law.[25] Therefore a code with clear priorities, one that is enforced by management and contains penalties for non-compliance, should be followed more closely by the members of an organization. Furthermore, protection from unethical superiors and a system for reporting violations will also make a code of ethics more viable.

If any organization wants an effective code, the leader must support it - not just pay lip service to it.[26] But the personnel who will really enforce the code are the middle managers. Therefore, an effective code requires their input and understanding. Additionally, the individuals who are affected will understand and support the code better if they are involved in its preparation.

One of the ways for the Army to have personnel understand and consider themselves involved with an ethical code is through the Army school system. At each school from basic training through the War College, ethics must be discussed if they are to be effective. Individual ethical values and direct ethical application should be reinforced at enlisted and officer basic schools. Senior NCOs' and senior officers' ethical training should concentrate on the central professional values of the military profession - its ethics.

ETHICAL DECISION MAKING PROCESS

FM 22 100, <u>Military Leadership</u>, recognized that soldiers could find themselves in complex situations where the right ethical course would be clear. To identify the course of action that would result in the greatest moral good, they recommended the following decision making process:

Step 1.   Interpret the situation.   What is the ethical dilemma?

Step 2.   Analyze all the factors and forces that relate to the dilemma.

Step 3.   Choose the course of action that you believe will best serve the nation.

Step 4.   Implement the chosen course of action.[27]

In step 2, you need to identify the forces influencing the problem.   FM 22-100 lists six such forces.   1. Laws, orders, and regulations.   2. Basic national values.   3. Traditional Army values.   4. Unit operating values.   5. Your values.   6. Institutional pressures.[28]

In step 3, the soldier should develop and assess the courses of action, strengths and weaknesses, and likely

consequences based on the forces in conflict identified in step 2. Next, you prioritize and select the best course of action. As rationale for your choice, include why the selected course of action is the best choice and why it is better than the other alternatives.

The ethical decision making process seems very mechanical, but does assist in unravelling complex ethical dilemmas. The usual ethical questions that arise are simple and have a clear right answer. The problem is whether the soldier has the will and the courage to carry them out.

ESTABLISHING ETHICAL CODES/CLIMATE IN AN ORGANIZATION

In chapter II, we discussed ethical codes, principles, and values. Chapter III builds on that foundation and discusses how to establish ethical codes or climate in an organization. I will examine the elements of an ethical climate and discuss strategies to establish and maintain the elements of an ethical climate. The elements that make up an ethical climate are senior leader inputs, values, rewards and punishments, and communication. Communication is the key to an ethical climate and ties all the other elements together. I conclude the chapter with a discussion on resolving moral conflicts in an ethical climate.

ETHICAL CODES

Who should establish the code of ethics in an organization? An Ethics Resource Center survey found that in two/thirds of surveyed companies, their codes had been initiated by the senior executive.[29] Surely, if a code is to be taken seriously and followed, it is essential that

leaders be involved in forming the code and committed to
following it.

When formulating a code, the ethical dilemmas
confronting the organization must be addressed. Areas
germane to the organization's daily operations should be
selected, then the ethical components in these areas should
be addressed.[30]

Ethical codes need a purpose and objectives. The
senior executive must decide whether the code will reflect a
management philosophy, a company policy, individual conduct,
or a combination of the three.[31] During the first national
conference on businesss ethics, Edward Gibbons noted that a
code must be based on reasonability, conscience, duty and
loyalty.[32] The code must apply to leaders as well as
followers. A business code of ethics should have a credo,
guide-lines, and specific rules that prohibit actions or
require others. It should offer frequent examples and
illustrations.

After the code is adopted, it must be distributed,
posted, and publicized. The people affected must then be
educated, advised, monitored, and, when applicable,
penalized.[33]

Gibbons nicely advocates a final "gut" check on a code
of ethics: "I will be satisfied with the way our code of
conduct works if each night I am content that I have taken
the trouble to make up my own mind as to wrong and right,
have specifically forbidden certain actions and have

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communicated to employees, by word and deed, what is
expected of them."[34]

THE ETHICAL CLIMATE

FM 22-103, Leadership and Command at Senior Levels,
states that senior leaders and commanders have specific
ethical responsibilities to their organizations. Among them
is the charge to sustain an ethical climate that promotes
trust and confidence. A proper ethical climate should
create sensitivity to ethical questions, reward correct
ethical behavior, establish a sense of ethical purpose in
the organization, shield soldiers and units from unhealthy
ambition and acknowledgement of form over substance, show
support for soldiers and units, promote a sense of belonging
and trust, speak through action as sell as words, and
specify clearly unethical behavior and correct
accordingly.[35]

A healthy ethical climate supports the way people feel
about their responsibilities and their interaction with
others to support their organization. A bad ethical climate
consisting of threats, lack of ethical clarity, incompetency
and conflicting policies sends the wrong signals. To
develop the correct ethical climate, senior leaders should
be involved with their organizations, know their job, trust
their people and take risks on their behalf. They should

encourage openness and criticism. And they should be tolerant of honest mistakes.[36]

The business ethical code and the military ethical climate are similar. The major difference is that the business ethical code addresses the ethical components of daily operations. The complexity of military life and missions precludes the business approach. Therefore, the military emphasizes ethical principles and values. Under the definition of a code of ethics discussed in Chapter II (a policy to guide present and future actions) the ethical principles and values that make up the ethical climate could be considered a code of conduct. The difference is a macro versus micro approach. The Army's macro approach places more responsibility on leaders to exemplify, promulgate, and enact the daily operational ethics for their organization.

I will now discuss each of the elements that make up an ethical climate: organizational rewards and punishments, executive responsibilities and integrity, organizational values, and communication.

ORGANIZATIONAL REWARDS AND PUNISHMENTS

The importance of reward systems in setting an ethical climate cannot be over-emphasized. Unexpected second order effects of leader decisions can result in unethical behavior. For example, consider institutional demands for perfection. The zero defects program may generate false

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reporting from individuals who are afraid to appear inadequate and/or fail to see the importance of ethical reporting.

Individuals make decisions based on their personal ethics, but organizations control and define situations in which decisions are made. For example, a leader or manager may believe that he is under pressure to compromise personal standards to achieve organizational goals.[37] Army leaders are faced with this dilemma on a regular basis when readiness reports are prepared. There is considerable organizational pressure to achieve high readiness rates but through honest, open reporting.

Organizational reward systems may reward behavior systems that they are trying to discourage, while ignoring or punishing behavior that they desire. In fact, stonewalling and "modification" of data may be rewarded. Erik Jansen refers to this as norms and counternorms.[38]

Table 1 lists some norms and counternorms shaped and/or maintained by organizational reward systems. Ethics establish norms that reflect the "right" thing to do, no matter what the system may otherwise reward (the counternorms). The bottom line is that leaders are responsible for establishing organizational standards or raising the members consciousness, if they expect individual members ethics to be in accord with the true standard.

Table 13[9]

NORMS	COUNTERNORMS
1. Openness, honesty, candor, "open covenants openly arrived at"	1. Secrecy and lying, stone walling, "playing cards close to your chest"
2. Emotional neutrality, objectivity	2. Emotional involvement, investment, intuition
3. Skepticism within the rules	3. Dogmatism
4. Follow the rules	4. Break the rules to get the job done
5. Be cost effective	5. "Spend it or burn it"
6. Develop and mentor subordinates	6. "Watch out for # 1"
7. Take responsibility	7. Avoid responsibility "Pass the buck"
8. Maintain organizational loyalty	8. "Bad-mouth the unit"
9. "All for one and one for all"	9. Achieve your goals at the expense of others
10. Maintain an appearance of consensus; support the team	10. Maintain high visibility; "grandstanding"
11. Take timely action	11. "Never do today what can be put off to tomorrow"

EXECUTIVE ETHICAL RESPONSIBILITIES

FM 22 103 states that senior military leaders are responsible for setting the ethical climate for their organization. They must serve as worthy role models, promote ethical development of subordinates by teaching them to reason clearly about ethical matters, and sustain an ethical climate that includes trust and commitment.[40]

The role model of leaders is often cited as the most important aspect of setting an ethical climate. It is important for two reasons. First, as proverbial wisdom indicates, actions speak louder than words. Subordinates see a leader's actions as a reflection of the true feeling of the leader toward his ethics. Additionally, the leader's reaction to unforeseen events shows his subordinates how they should react in similar situations. Second, ethical behavior is not cut and dried; it has to be modelled to be understood.[41] Knowledge of what is right is not sufficient to guarantee correct conduct.

Developing ethical behavior in subordinates is an important leadership responsibility. Without a specific code, subordinates will make better decisions if they have learned to ethically reason through their decisions based upon the Army's ethical principles and val .. The senior leader's greatest contribution may be in setting the range of acceptable ethical behaviors. The subordinate can then

select the ethical solution that is best for him within that range

FM 22 103 lists the following minimum actions that senior leaders must take to develop and sustain an ethical climate.[42]

Create sensitivity to ethical questions.

Reward correct ethical behavior.

Establish a sense of ethical purpose for organizational activities.

Shield units and soldiers from the hostile ethical winds of unhealthy ambition and form over substance.

Supprt their soldiers and units.

Promote a sense of belonging and trust.

Specify clearly what behaviors are considered unethical and correct accordingly.

Speak through actions as well as words.

EXECUTIVE INTEGRITY

Why is executive integrity important in setting ethical climates in organizations? In the military, integrity is the fundamental trait of leadership.[43] Integrity is the relational unity that makes the parts of an organization hold together as one.[44] The leadership failure at My Lai provides an unfortunate example of the importance of executive integrity. Leaders failed to train the soldiers for the type of combat that they were entering, subordinate

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leaders were inadequate, standards of discipline were poor and command and control were inadequate. Executive integrity requires more than preventing or avoiding unethical acts. It requires training, monitoring and appropriate corrective action. Some executives, while publicly espousing trust, in reality practice power.[45] Through misrepresentations, convenient omissions, well timed disclosures, and other manipulative actions, some executives lose their integrity to some degree.

Many authors have tried to identify the set of behaviors that constitute integrity. Steven Kerr reviewed many sources and derived "Ten Commandments of Executive Integrity":[46]

1. Tell the truth
2. Obey the law
3. Reduce ambiguity
4. Show concern for others
5. Accept responsibility for the growth and nurturing of others
6. Practice participation, not paternalism
7. Provide freedom from corrupting influences
8. Always act
9. Provide consistency across cases
10. Provide consistency between values and actions

These ten commandments of integrity, when taken alone, are unassailable. However, as noted before, leaders may have to choose between two commandments. For example, "always act" may conflict with "nurturing your subordinates." Which of the two commandments do you follow? Which is more or less ethical? How the executive or leader reasons through these questions of integrity and teaches his

subordinates will go a long way toward setting the ethical climate of his organization.

ORGANIZATIONAL VALUES

Department of the Army Pamphlet 600 80, Executive Leadership, discusses the responsibility of a senior executive to create and maintain the values for his organization. These leadership responsibilities can be divided into two parts. First, the leader must provide information about military values to his subordinates. Additionally, he must go beyond providing information and develop his subordinates understanding of values so that they can apply them in different situations. Second, after subordinates know and understand the values, the leader must encourage the appropriate behavior. For example, the leader should encourage moral reasoning and be willing to discuss problems that arise from it. Also, he must follow up and correct any subordinate lapses that do not follow the organizational values.

Executive leaders must ensure that stated values are correct and that the doctrines, policies, procedures and rules that implement them produce the desired operating values. Stated values are determined by executive leadership. Operating values are reflected in individual interpretations of what is important. Subordinates learn from rules, operating procedures, priorities, examples, and

requirements of their leaders. Executive statements of
values alone will have little impact on shaping the
organizational character. What is required is to
institutionalize a system that monitors and measures the
outcome of downward flowing doctrines, policies, procedures
and rules to assure impact on the operating values.[47] In
order to monitor the ethical climate, the executive should
use a feedback loop to gather information, compare the
collected information with expected outcomes, identify
problem areas and uncover undesirable second order effects
of any policy, regulation, or action. In addition, the
leader should provide ethical feedback down to his
subordinates. Downward-flowing official feedback should be
included on officer and enlisted efficiency reports.
Unofficial feedback can be provided to subordinates through
counselling, informal discussions, and guidance.

ORGANIZATIONAL COMMUNICATION

When discussing the effectiveness of a code of ethics
in Chapter II, I covered the three variables that affected
how well a code is followed in an organization. The key
that ties these variables together is communication. For
ethical conduct to be followed, there must be reliable,
understandable, and open communication between the members
of the organization and its senior leader. The Army
suggests six strategies that can improve ethical

communications in organizations.[48] These are summarized below, but have been discussed throughout this essay.

1. Promulgate downward flowing policies that are consistent, congruent, and coherent.[49]

2. Brief newly arrived personnel on values and standards of conduct in the organization.

3. Assure institutional values are conveyed through both verbal and nonverbal messages and equal the operating values.

4. Promote upward flow of communication from subordinates by listening to them, responding to their attitudes and encouraging them to speak out when they perceive ethical violations.

5. Do not shoot bad news carriers.

6. Conduct ethical seminars.

I would also add an additional strategy:

7. Institute an upward-flowing measurement system to assure institutional values equate to operating values.

Colonel (Ret) Mike Malone refers to these upward flowing measurements as leadership based measurements.[50] He emphasizes four measurement principles that affect communication and the ethical climate. First, measurement techniques themselves influence operations and are de facto promulgations of priority. Second, measurement techniques impact climate and relate to concepts of mutual trust and to expectations regarding competence. Third, poorly designed measurement systems are major sources of junior leader

frustrations and ethical dilemmas. Fourth, measurement
techniques can educate, motivate, sensitize, or act as
deterrents.

MORAL CONFLICTS AND ETHICAL CLIMATES

How does an individual react to unethical behavior?
The answer to that question shows the strength of the
ethical climate in an organization. Faced with moral
conflict or unethical behavior in an organization, an
individual has three choices: exit, voice, or loyalty.[51]
This is important because lapses in ethical standards
usually are identified by one or more individuals in the
organization. How the individual who discovers the lapse
reacts and takes action reveals much about an organization's
ethical climate.

The exit option has not been a popular choice in the
U.S. Army. In the May 1980 issue of **Army**, it was noted that
over the previous 20 years Canada had 27 generals retire in
protest, while the U.S. Army had only one.[52] The voice
option is effective depending upon its intensity. By using
protests, leaks, or whistle blowing, members of an
organization can express their concerns.[53] The loyalty
option is the key to a successful climate. Loyalty to an
organization depends upon the organization maintaining its
standards. When standards are not met, the loyal member
expects someone to act or something to happen that will

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improve matters.[54]   The leader's feedback loop, discussed
previously, should reinforce this loyalty by assuring that
action is taken to resolve the unethical behavior.

CHAPTER IV

CONCLUSIONS

1. Senior leaders establish an ethical climate by being a role model, developing subordinates ethically and establishing a climate that avoids creating ethical dilemmas for subordinates.

2. Leaders must establish downward-flowing ethical policies that are consistent, congruent, and coherent coupled with an upward flowing measurement system to assure that the operating values are the same as the stated organizational values within their organizations.

3. The effectiveness of using ethical values and principles is affected by the ability of subordinates to understand them. Also, they need a mechanism to resolve ethical dilemmas.

CHAPTER V

RECOMMENDATIONS

1. Educate senior leaders in Command and Staff Colleges, Senior Service Colleges and Pre-command Courses about the leader's importance in establishing an ethical climate. You do this by:

    a. Being a role model.

    b. Developing ethical subordinates.

    c. Avoiding ethical dilemmas for subordinates.

    d. Promulgating downward-flowing consistent, congruent, and coherent ethical policies.

    e. Establishing upward-flowing measurement systems that assure operating values equate to stated values.

2. Include the appropriate level of individual and professional ethical value training at ARMY schools.

3. Educate leaders at all schools on the Army's ethical decision making process to resolve ethical dilemmas.

APPENDIX 1

DEFENSE INDUSTRY COMPANIES
PRINCIPLES OF BUSINESS ETHICS AND CONDUCT

1. Each company will have and adhere to a written code of business ethics and conduct.

2. The company's code establishes the high values expected of its employees and the standard by which they must judge their own conduct and that of their organization; each company will train its employees concerning their personal responsibilities under the code.

3. Each company will create a free and open atmosphere that allows and encourages employees to report violations of its code to the company without fear of retribution for such reporting.

4. Each company has the obligation to self govern by monitoring compliance with federal procurement laws and adopting procedures for voluntary disclosure of violations of federal procurement laws and corrective actions taken.

5. Each company has a responsibility to each of the other companies in the industry to live by standards of conduct that preserve the integrity of the defense industry.

6. Each company must have public accountability for its commitment to these principles.[55]

CODE OF ETHICS FOR GOVERNMENT SERVICE

I. Put loyalty to the highest moral principles and to country above loyalty to persons, party, or government department.

II. Uphold the Constitution, laws, and regulations of the United States and of all governments therein and never be a party to their evasions.

III. Give a full day's labor for a full day's pay; giving earnest effort and best thought to the performance of duties.

IV. Seek to find and employ more efficient and economical ways of getting tasks accomplished.

V. Never discriminate unfairly by the dispensing of special favors or privileges to anyone, whether for remuneration or not; and never accept, for himself or herself or for family members, favors or benefits under circumstances which might be construed by reasonable persons as influencing the performance of governmental duties.

VI. Make no private promises of any kind binding upon the duties of office, since a government employee has no private word which can be binding on public duty.

VII. Engage in no business with the government, either directly or in directly, which is inconsistent with the conscientious performance of governmental duties.

VIII. Never use any information gained confidentially in the performance of governmental duties as a means of making private profit.

IX. Expose corruption wherever discovered.

X. Uphold these principles, ever conscious that public office is a public trust.[56]

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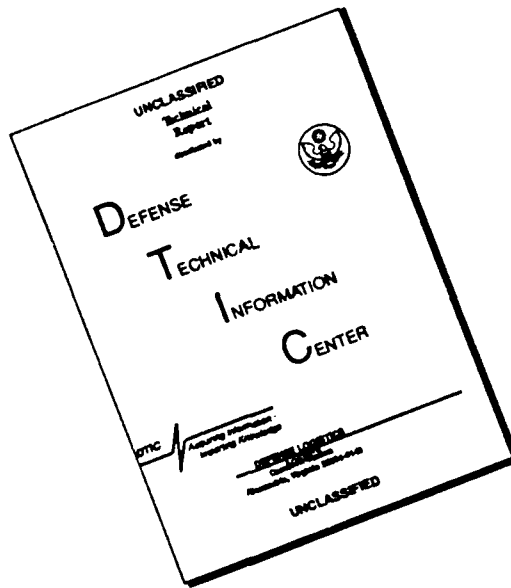
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